

Report to the Council

Committee: Cabinet

Date: 28 July 2005

Portfolio Holder: Councillor S Barnes

Item: 5(d)

1. CONSTITUTION - VIREMENT RULES

Recommending:

... **That the revised scheme of virement attached as an Appendix to this report be adopted and incorporated into the Council's constitution.**

- 1.1 When the Council's constitution was agreed in 2000, a scheme of virement was included as part of the Council's financial regulations.
- 1.2 A virement is a technical term that denotes the transfer of funding from one budget head to another. The current scheme of virement allows such switching of resources to be authorised according to the amount of funding involved. Authority to approve virements rests with Heads of Service, Portfolio Holders, the Cabinet or the Council, depending on the amount of the funds transferred. There are also restrictions imposed in connection with transferring resources between different service areas or different Portfolios.
- 1.3 The current situation is summarised below together with a comparison with the changes being proposed:

	Heads of Service (1)	Portfolio Holders (2)	Cabinet (3)	Council (4)
Present virement approval level	Up to £2,000 on any one budget head in any one year.	Subject to consultation with Head of Service concerned, an amount up to the greater of £5,000 or 2% of any one budget head (including any virement under Column (1))	Cumulative virements of between £5,000 and £100,000 (or 2% of any budget head) whichever is the greater. Any virement between (a) Portfolios or (b) Services of any amount or which affect manpower levels.	Cumulative virements of over £100,000.
Proposed revised approval limit.	As above -but amend to £5,000 or 2%.	As above - but amend to £10,000 or 2%.	As above - except lower limit increase to £10,000.	No change.

- 1.4 The changes are being proposed to reflect the fact that in the five years since the constitution was agreed, virement transfers have not kept pace with inflation. As a result decisions on comparatively minor issues cannot be taken at the level envisaged when the constitution was agreed.

- 1.5 The proposals will facilitate quicker decision-making at Head of Service and Portfolio Holder level and remove items of unnecessary detail at Cabinet meetings. The proposals do not affect the rights of the Cabinet and the Council to deal with major virements or those which relate to cross service or cross portfolio transfers and manpower issues which can generally be seen to have policy implications.